

## Message Text

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ACTION EUR-12

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FM AMEMBASSY ANKARA

TO SECSTATE WASHDC 814

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UNCLAS ANKARA 7246

E.O.11652: N/A

TAGS: BEXP, TU

SUBJECT: TURKISH HIGHWAY DEPARTMENT REQUEST FOR EXIM  
BANK LOAN

1. ON DECEMBER 7, 1972, IN RESPONSE TO DIRECT APPEAL BY THE MINISTER OF PUBLIC WORKS TO EXIM BANK CHAIRMAN HENRY KEARNS DURING AN EARLIER VISIT, EXPORT IMPORT BANK AND GOVERNMENT OF TURKEY SIGNED \$60 MILLION LOAN AGREEMENT TO HELP FINANCE NEW EQUIPMENT POOL FOR GOT HIGHWAY DEPARTMENT. LOAN AGREEMENT WAS BASED ON LOW MACHINERY COST ESTIMATES MADE EARLY 1972. THESE COSTS HAVE SUBSEQUENTLY BEEN GREATLY INFLATED AND ORIGINAL \$60 MILLION COVERS ONLY PORTION OF NEEDED EQUIPMENT FOR HIGHWAY POOL. NEW ESTIMATES HAVE BEEN MADE AND HIGHWAY DEPARTMENT NOW BELIEVES PROJECT WILL COST TOTAL OF \$138 MILLION. AS OF MID-AUGUST, APPROX. \$51 MILLION OF \$60 MILLION LOAN WAS CONTRACTED WITH U.S. SUPPLIERS AND ORDERS EXCEEDING THE \$9 MILLION BALANCE TENDERED. EMBASSY HAS BEEN INFORMED THAT ON SEVERAL OCCASIONS GOT MINISTRY OF FINANCE HAS REQUESTED THAT EXIM BANK INCREASE THE DECEMBER 1972 LOAN AGREEMENT NO. 4532 TO \$138 MILLION AND THAT EXIM BANK'S PARTICIPATION SHARE OF \$30 MILLION BE INCREASED TO \$69 MILLION. THIS SUBJECT HAS BEEN DISCUSSED SEVERAL TIMES WITH EMBASSY OFFICER AND EMBASSY HAS BEEN ASKED TO ENCOURAGE EXIM BANK TO EITHER RAISE VALUE OF LOAN NO. 4532 OR NEGOTIATE NEW LOAN WITH FAVORABLE INTEREST

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AND OTHER CONCESSIONAL TERMS. EMBASSY HAS FROM BEGINNING

STRONGLY SUPPORTED EXIM LOAN FOR HIGHWAY DEPARTMENT EQUIPMENT  
POOL. THE PRESSURE IS NOW ON MINISTRY OF PUBLIC WORKS TO BUY  
BALANCE OF POOL REQUIREMENTS ON INTERNATIONAL TENDER BASIS WHERE  
PRICES WILL CONTROL AND EXTRA COST FOR U.S. QUALITY WILL WORK  
AGAINST U.S. SUPPLIERS.

2. EMBASSY FAVORS EXIM BANK APPROVING HIGHWAY DEPARTMENT  
LOAN APPLICATION, IF POSSIBLE AS EXTENSION OF NO. 4532  
LOAN AGREEMENT ON SAME TERMS AND INTEREST. THE FOLLOW-ON  
ORDERS AND SPARE PARTS SALES SHOULD PROVE VERY PROFITABLE TO U.S.  
SUPPLIERS AND THERE WILL BE FUTURE YEARS DEPENDENCY ON U.S.  
MANUFACTURERS BY HIGHWAY DEPARTMENT.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** EQUIPMENT, DEVELOPMENT BANKS, DEVELOPMENT LOANS, HIGHWAYS  
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**Copy:** SINGLE  
**Draft Date:** 22 SEP 1975  
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**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
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**To:** STATE  
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